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Department of Workforce Services

Business Client Guide to Domestic Employment

DESCRIPTION

Following are guidelines used by various taxing agencies to determine when service performed in a domestic setting is considered employment and reportable to those agencies. If you have questions regarding the status of any type of employment you should contact these agencies at the addresses and numbers shown below.

DEPARTMENT OF WORKFORCE SERVICES

Domestic service is considered to be covered employment if the service is performed "in a private home, local college club, or local chapter of a college fraternity or sorority" and "if paid cash remuneration of \$1,000 or more during any calendar quarter in either the current or preceding calendar year." [Utah Employment Security Act, Section 35-4-204 (2) (k)]

INTERNAL REVENUE SERVICE

You are subject to Federal Unemployment Tax Act (FUTA) only if you paid cash wages totaling \$1,000 or more (for all household employees) in any calendar quarter of the current or preceding year. A household worker is an employee who performs household work in a private home, local college club, or local fraternity or sorority chapter. (IRS Circular E, 1998)

WORKER'S COMPENSATION

Domestic employees are covered by Workers Compensation when the business client employs one or more employees for at least 40 hours per week. Workers Compensation coverage is available to all business clients who wish to acquire it.

SOCIAL SECURITY AND MEDICARE

Domestic Service in a Private Home:

Wages are taxable if \$1,100 or more is paid. Service performed by an individual under 18 is exempt if the domestic employment is not the principal occupation of the employee.

Domestic Service in College Clubs, Fraternities and Sororities:

Wages are exempt if paid to regular students. They are also exempt if the employee is paid less than \$100 in a year by an income tax exempt employer. (IRS Circular E, 1998)

FEDERAL AND STATE INCOME TAX WITHHOLDING

Domestic service is exempt from income tax withholding unless both the business client and employee agree to withhold the tax. (IRS Circular, E 1998)

CONTACT INFORMATION

Department of Workforce Services	Internal Revenue Service	Workers Compensation	Utah State Tax	Social Security
Unemployment Insurance	50 South 200 East	392 East 6400 South	Commission	Administration
P.O. Box 45288	SLC, UT 84111	Murray, UT 84107	210 North 1950 West	46 West 300 South
SLC, UT 84145	(800) 829-1040	(800)446-2667	SLC, UT 84116	SLC, UT 84101
(800) 222-2857			(800) 662-4335	(800)772-1213



Department of Workforce Services

140 East 300 South Salt Lake City, Utah 84111 1-888-920-WORK jobs.utah.gov

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Auxiliary aids and services are available upon request to individuals with disabilities. Call (801) 526-9240. Individuals with speech and/or hearing impairments may call the state relay by dialing 711. Spanish Relay Utah: 1-888-346-3162.

07-91-0604